



XpertHR Podcast

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- Susan Dennehy: Hello and welcome to this week's podcast with me, Susan Dennehy. This week, we're looking at the latest research into HR priorities and key metrics. I'm joined by Noelle Murphy, HR practice editor. This survey is in its fourteenth year, anything in particular stand out for you over those 14 years?
- Noelle Murphy: Well yes, I get very excited. This year we heard from 535 respondents - we always have a good response rate for this survey - but two key things this year, one is the emergence of HR metrics and HR information systems and the second is the continuing drop of the ratio of HR practitioners to employees.
- Susan Dennehy: So has there been much of a drop? [0:00:48.9]
- Noelle Murphy: We've been doing this a long time and it is probably at its highest. It was one HR practitioner to 118 employees in 2007, and we've seen this drop to, this year, to one HR practitioner to 62 employees.
- Susan Dennehy: So that sounds like it's approximately halved in ten years. Any reason for this? [0:01:07.8]
- Noelle Murphy: When we first started to see it drop in 2008, we thought it was the recession. We thought that HR were very involved in restructuring organisations, making people redundant etc., so the HR department was being maintained in order to drive through changes in workforce size. But we've seen that's actually being maintained, and even dropping further. So we think what happened was that around this time during the recession, the HR function began to prove its role to the organisation, prove its worth, what it can do in terms of producing an agile workforce that can inflate or decrease as an organisation needs it to do so, to react quickly to changes within the economy.
- Susan Dennehy: And you mentioned HR metrics there, is this just for larger firms or is it for smaller organisations as well? [0:01:57.3]
- Noelle Murphy: When we do our research we break it down as far as 1 to 249 employees, that's our smallest group that we would quote most frequently, and we certainly haven't seen any changes or any differences amongst this group, but we have had feedback from smaller organisations, say with ten or fewer employees, to say that, really, the value of HR analytics is limited for an organisation of that size.
- Susan Dennehy: It's too small to be meaningful.

- Noelle Murphy: Yeah, exactly. It's not really going to add a huge amount to the decisions that they can take.
- Susan Dennehy: And what are the top priorities for the private-sector? [0:02:34.2]
- Noelle Murphy: This was really interesting for us. The top priority this year for those in private-sector services, as opposed to manufacturing and production, was reward and benefit, HR analytics (including the HR information system), and recruitment, training and development and HR strategy.
- Within manufacturing and production, we see performance management and appraisal at the top of the list there. Second there, though again even, was HR analytics and HR information systems, which is really very significant, because we've been asking this question of HR practitioners since the survey began and there has been talk about HR metrics for a long time, but this is the most traction we've seen it had, really, within the HR function.
- Susan Dennehy: And you mentioned reward and benefits, what do we know about what HR are actually grappling with? [0:03:23.9]
- Noelle Murphy: So the thing with reward and benefits, we weren't surprised really, to see within the private-sector services, that this was top of the list. HR practitioners have been operating within a pretty flat pay increase environment for the past three years, so it's been hovering around 2%, and that makes it difficult to continue to motivate employees and to be identified as an employer of choice even. So they've become quite creative at looking at other things within the benefits package that can stand out as being attractive to employees. Just looking at what they're offering to make sure that it is cost-effective but also if it can be improved with a limited cost so as to be more attractive to employees.
- Susan Dennehy: And how about gender pay reporting? That's coming in in 2018. Is that falling within the remit of rewards and benefits? [0:04:14.5]
- Noelle Murphy: When there's an initiative like that due to come into force, we would generally have expected to see it kind of further up the agenda, but I think that might be down to the time of year that the survey was conducted, when there was still a certain amount of uncertainty around what would be required from HR practitioners, but also whether or not it's actually falling into the HR lap at this time, we're not quite sure.
- Susan Dennehy: Could be going somewhere else, couldn't it? Compliance departments or something like that. And you mentioned recruitment, what are the issues there? [0:04:44.8]
- Noelle Murphy: Well of all the other priorities that we've identified from our respondents, all of them had a more strategic angle to them and this is also the case within recruitment. It's not only just about the traditional questions that would be asked around recruitment, it's the strategy – improving the recruitment process - but also utilising all of the tools that are out there to ensure that not only they identify, first the right blend of skills that an organisation requires, not only now but also looking a little bit into the future. So alongside identifying the skills, it's then using the right tools to select those individuals that are

going to work well within the organisation. That's a significant change, really, that is a more strategic angle to things.

Susan Dennehy: Like succession planning? [0:0:05:33.1]

Noelle Murphy: Succession planning, but also workforce planning is something now that is kind of used on a more regular basis. And of course the role of online recruitment has changed the way that organisations recruit. So it's moving away from the traditional route that you would have used for recruitment – if it's done properly – to the benefit of the organisation.

Susan Dennehy: And another question you often ask in the survey is whether HR are expecting their running costs to increase. Is that the same as previous years? [0:06:00.4]

Noelle Murphy: Yes, we do ask about budgets and we generally hear the same thing, which is around one in three would expect running costs to increase over the coming twelve months. There's no one particular reason or no one particular thing driving an increase in costs. I think it shows us that monitoring budgets etc. is going to improve within the HR department once things like HR information systems are firmly embedded.

Susan Dennehy: And how about HR transformation, then? Is that bringing down the cost of HR? [0:06:30.3]

Noelle Murphy: We are seeing the results of HR transformation, both as a philosophy and as a practical application across the board really, not least when we're looking at priorities and the HR analytics and HR information systems.

So for true HR transformation, you need to start with the proper systems to gather the data that then can generate the analytics that then can transform the HR function, but also the HR structure, which would look at more having a HR business partner working with a particular part of the business, understanding the business aims and objectives.

Susan Dennehy: And how about e-technologies? Is that having much of an impact on HR? [0:07:09.0]

Noelle Murphy: Again, it goes back to the HR information systems and how high up the agenda they are. So ideally, it's a self-service model where an employee will complete a certain amount of the process themselves, so record their own annual leave, record their own sick leave, record their own PDP. They will have responsibility for ensuring that everything is there online. Then the line manager will complete their part of it. So HR is moving away from recording things and more into analysing and interpreting data.

Susan Dennehy: And you mentioned HR analytics. Is there a big difference between what's going on in the private sector and the public sector? [0:07:49.8]

Noelle Murphy: The public sector is still being very reactive rather than proactive. It's still reacting to sustained and consistent budget cuts. It's going on,

this is unprecedented really, within the public sector and what HR are having to respond to.

Susan Dennehy: And before you go then, Noelle, anything else stand out for you in the survey? [0:08:09.9]

Noelle Murphy: It really is the difference between what's going on in the private sector and what's happening in the public sector. There is no doubt the private sector has kicked on from where it was in the recession, when it was allowed to be instrumental in shaping organisations and was allowed to demonstrate what it can offer, and we can see that in their strategic approach to things. The public sector is still very much reacting to things. It's still about change management, it's still about restructuring, it's still about redundancies. Things are very tough there.

Susan Dennehy: So it sounds like they're going in two different directions, in a way. [0:08:44.5]

Noelle Murphy: They are currently, and it's not to say the public-sector has no interest in the HR metrics, because it's certainly emerged, but it felt like there was an awful lot going on there.

Susan Dennehy: Alright. Thank you very much for that, Noelle. The full results can be found under benchmarking and the full write-up can be found under survey analysis on our website.

That brings us to the end of this week's podcast, which you've been listening to with me, Susan Dennehy. We're back again next Friday but until then, it's goodbye from us.